

Message Text

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ORIGIN TRSE-00

INFO OCT-01 ARA-06 EUR-12 EA-06 NEA-10 ISO-00 EB-07 AID-05

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TO AMEMBASSY BELGRADE

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AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY MADRID

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AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY THE HAGUE

INFO AMEMBASSY BOGOTA

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AMEMBASSY CARACAS

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TAGS: EFIN, IDB

SUBJECT: NON-REGIONAL MEMBERSHIP IN IDB

1. SUMMARY - VARYING INTERPRETATIONS OF RESOLUTION ADOPTED

AT IDB ANNUAL MEETING MAY 21 THREATEN TO DELAY ACTION BY NON-REGIONAL COUNTRIES TO COMPLETE FORMAL GOVERNMENT RATIFICATION OF PROPOSAL, AS WELL AS BUDGETING OF FUNDS FOR INITIAL CONTRIBUTIONS. DELAY UNDESIRABLE FOR USG SINCE WE HAVE SUBSTANTIAL INTEREST IN PROGRESS ON BURDEN SHARING AS WE MAKE CASE FOR U.S. PARTICIPATION IN UPCOMING REPLENISHMENT. ACTION POSTS REQUESTED TO EXPLAIN U.S. POSITION, URGE GOVERNMENTS TO EXPEDITE APPROVAL PROCESS, AND REPORT ON GOVERNMENTS INTENTIONS. END SUMMARY.

2. FOLLOWING DECLARATION OF MADRID IN DECEMBER 1974 IN WHICH 12 NON-REGIONAL COUNTRIES INDICATED INTENT TO JOIN IDB, BANK MANAGEMENT AND NON-REGIONALS CONCLUDED NEGOTIATIONS IN FEBRUARY 1975. IDB BOARD OF EXECUTIVE DIRECTORS APPROVED PROPOSED FINANCIAL PACKAGE IN FEBRUARY AND IN MARCH IDB PRESIDENT FORWARDED FINAL DOCUMENTS TO THE MEMBER AND PROSPECTIVE MEMBER GOVERNMENTS FOR RATIFICATION. IT WAS ANTICIPATED THAT ALL GOVERNMENTS WOULD INITIATE APPROVAL PROCEDURES AT APPROXIMATELY SAME TIME IN ORDER THAT

MEMBERSHIP OF THE NON-REGIONAL COUNTRIES MIGHT BECOME EFFECTIVE SOMETIME IN THE FIRST HALF OF CY 1976. NON-REGIONAL SUBSCRIPTIONS AND CONTRIBUTIONS WOULD THEREFORE OCCUR SEPARATELY BUT SIMULTANEOUSLY WITH CAPITAL REPLENISHMENT BY CURRENT MEMBERS OVER PERIOD 1976-79.

3. AT ANNUAL MEETING IN SANTO DOMINGO THE BOARD OF GOVERNORS CONSIDERED ON MAY 21 A RESOLUTION APPROVING THE ACTIONS OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND URGED EXPEDITIOUS APPROVAL OF THE PROPOSAL BY ALL GOVERNMENTS CONCERNED. ALTHOUGH RESOLUTION WAS UNNECESSARY, IT WAS SEEN BY MANAGEMENT AS A FURTHER STAMP OF APPROVAL AND STATEMENT OF THE DESIRABILITY OF MOVING AHEAD WITHOUT DELAY. UNFORTUNATELY, IN PLENARY LIMITED OFFICIAL USE
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SESSION ATTENDED BY REPRESENTATIVES OF NON-REGIONAL COUNTRIES, SEVERAL MEMBERS (COLOMBIA, VENEZUELA, ARGENTINA) EXPRESSED PROBLEMS WITH SPECIFIC LANGUAGE BECAUSE IT FAILED TO CONVEY CLEARLY THAT MEMBERS MUST AMEND CHARTER BEFORE NON-REGIONALS CAN ACTUALLY JOIN AND BECAUSE IT OFFENDED CERTAIN OF THEIR DOMESTIC CONSTITUTIONAL SENSITIVITIES (PARTICULARLY VENEZUELA) BY URGING RATIFICATION. ARGENTINE RESERVATIONS WERE CONSISTENT WITH PREVIOUS LACK OF ENTHUSIASM FOR NON-REGIONAL ENTRY AND THUS PROBABLY MORE SUBSTANTIVE THAN TECHNICAL. REVISED FINAL LANGUAGE RECOMMENDED THAT NON-REGIONALS ADOPT MEASURES NECESSARY FOR PROMPT ACCEPTANCE AND ENTRY INTO THE BANK QUOTE AS SOON AS THE AGREEMENT ESTABLISHING

THE BANK HAS BEEN AMENDED END QUOTE.

4. CERTAIN NON-REGIONAL REPS INTERPRETED PLENARY COMMENTS AND FINAL RESOLUTION AS INDICATION THAT LATINS DO NOT REALLY WANT NON-REGIONALS IN THE BANK. REPORTEDLY, GERMAN SPOKESMAN FOR GROUP, HORST MOLTRECHT, SUBSEQUENTLY CABLED THIS IMPRESSION TO NON-REGIONALS AND SEVERAL ARE NOW CONSIDERING DEFERRING FURTHER ACTION UNTIL U.S. AND LATINS ACTUALLY SECURE FINAL GOVERNMENTAL RATIFICATION OF PROPOSAL. IDB MANAGEMENT MET WITH NON-REGIONAL REPS AT CONCLUSION OF ANNUAL MEETING IN EFFORT TO DISABUSE THEM OF THIS INTERPRETATION OF EVENTS AND RESOLUTION. ALSO, IDB HAS CIRCULATED DRAFT PROTOCOL OF THAT MEETING

TO THE NON-REGIONALS STATING POSITION THAT RESOLUTION MAKES TECHNICAL POINT THAT CHARTER AMENDMENTS BY MEMBERS MUST PRECEDE NON-REGIONALS ACCESSION TO MEMBERSHIP BUT DOES NOT MEAN NON-REGIONALS SHOULD NOT INITIATE APPROVAL PROCESSES AND BUDGETING UNTIL AFTER CHARTER IS AMENDED.

5. U.S. STRONGLY ENDORSES IDB MANAGEMENT INTERPRETATION AND VIEW THAT ALL GOVERNMENTS INVOLVED SHOULD SIMULTANEOUSLY EXPEDITE APPROVAL. U.S. ADMINISTRATION REQUEST FOR CONGRESSIONAL APPROVAL SHOULD REACH CONGRESS WITHIN A FEW DAYS. IN VERY CONSTRUCTIVE NEGOTIATIONS IN PARIS JUNE 10-11, IDB REGIONAL MEMBERS AGREED ON MAIN COMPONENTS OF 1976-79 CAPITAL AND CONCESSIONAL FUND REPLENISHMENT
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AND ANTICIPATE APPROVAL OF RESOLUTION AND TRANSMITTAL OF REPLENISHMENT REQUEST TO GOVERNMENTS IN JULY. IDB BOARD OF EXECUTIVE DIRECTORS EXPECTED TO APPROVE REPLENISHMENT RESOLUTION JUNE 26 FOR FORWARDING TO GOVERNORS.

HOUSE BANKING AND CURRENCY COMMITTEE WILL PROBABLY TAKE MEMBERSHIP PROPOSAL AND UPCOMING REPLENISHMENT PROPOSAL UNDER CONSIDERATION AT SOME TIME IN LATE SUMMER OR EARLY FALL. PROGRESS TOWARD GREATER BURDEN-SHARING IS IMPORTANT PART OF ADMINISTRATION CASE FOR SUBSTANTIAL U.S. PARTICIPATION (I.E., \$1.8 BILLION) IN 1976-79 REPLENISHMENT. (FYI ONLY -- AS RESULT OF PARIS REPLENISHMENT MEETING, U.S. ALSO AGREED TO CONSULT WITH CONGRESS ON ADDITIONAL \$450 MILLION IN CAPITAL SHARES FOR 1979, THUS POSSIBLY ADDING ONE YEAR TO PLANNED CAPITAL PAY-IN PERIOD - END FYI)

6. FOR ACTION POSTS - EMBASSIES REQUESTED TO APPROACH GOVERNMENT OFFICIALS TO REITERATE U.S. SUPPORT OF NON-REGIONAL MEMBERSHIP AND U.S. UNDERSTANDING THAT IDB MANAGEMENT AND VAST MAJORITY OF LATINS SHARE THAT

SUPPORT AND REPORT GOVERNMENT INTENTIONS. IMPORTANT TO NOTE THAT U.S. SUBMITTING MEMBERSHIP PROPOSAL TO CONGRESS IN NEAR FUTURE AND THAT RAPID PROGRESS ON CAPITAL REPLENISHMENT WILL PROBABLY PERMIT CONGRESSIONAL CONSIDERATION OF BOTH PROPOSALS THIS FALL. ALSO, COLOMBIA AND MEXICO REPORTEDLY ALREADY MOVING AHEAD WITH SUB-MISSION OF MEMBERSHIP PROPOSAL TO RESPECTIVE PARLIAMENTS. FINALLY, IMPORTANT TO NOTE THAT LATINS GENERALLY AGREED ON REPLENISHMENT OF ABOUT \$4.2 BILLION (\$1.8 BILLION U.S., \$2.2 BILLION L.A., \$200 MILLION CANADA) AND THAT VENEZUELA IN PARTICULAR APPARENTLY PREPARED TO BE VERY FORTHCOMING ON CONTRIBUTIONS TO INTER-REGIONAL CAPITAL AND TO FSO. INGERSOLL

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